Massachusetts Division of Health Care Finance and Policy

An Evaluation of Health Care Programs for Low Income Uninsured and Underinsured Massachusetts Residents

Chapter 4:
The (Senior) Pharmacy Program

A Report to the Senate Committee on Ways and Means,
House Committee on Ways and Means
and Joint Committee on Health Care

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Louis I. Freedman, Commissioner
Massachusetts Division of Health Care Finance and Policy

Jane Swift, Governor
Commonwealth of Massachusetts

William D. O'Leary, Secretary
Executive Office of Health and Human Services

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Division of Health Care Finance and Policy
Two Boylston Street
Boston, Massachusetts 02116

(617) 988-3100 (Phone)
(617) 727-7662 (Fax)

Web site: www.state.ma.us/dhcfp

Primary Authors: Tavinder Phull, MPH and Sara S. Bachman, PhD
Contributing Staff: Benson Chin
Distribution: Lisa Courtney

An Evaluation of Programs for Low Income Uninsured and Underinsured Massachusetts Residents
Chapter 4: The (Senior) Pharmacy Program

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Executive Summary

Section 17 of Chapter 47 of the Acts of 1997 required the Massachusetts Division of Health Care Finance and Policy to file two reports evaluating MassHealth, the Children's Medical Security Plan, the Senior Pharmacy Assistance Program (renamed the Pharmacy Program January, 2000), and the Uncompensated Care Pool. The first report, An Evaluation of Health Care Programs for Low Income Uninsured and Underinsured Massachusetts Residents, was completed on March 2, 1998. That report, encompassing information on all four programs, was based on qualitative methods and focused on processes of care. The follow-up reports have been released in a series of publications with more quantitative information related to ongoing operations, the characteristics of the uninsured and underinsured, changes in the source of insurance coverage, and the interactions of the programs and the impact on participants. This report is the fourth in the series and is concentrated on evaluating the Pharmacy Program.

Key Findings from this report are as follows:

1. Among advocacy groups, providers, and others, there is a strong consensus that there is a great need for programs that assist elders and people with disabilities in purchasing prescription drugs.

2. The expansion of eligibility criteria and improved outreach activities undertaken by the Massachusetts Executive Office of Elder Affairs greatly improved Pharmacy Program enrollment during FY 2000. Actual enrollment in FY 2000 was 130% of projected enrollment.

3. The expansion of the benefit level and income eligibility to include those with incomes up to 188% of the federal poverty level (FPL), or $15,492 individual gross annual income, significantly increased program enrollment in FY 2000.

4. The administration of the program and the collaborative relationship between advocacy groups for seniors and people with disabilities greatly contributed to the improvements seen in the Pharmacy Program for FY 2000.

5. From January 1, 2000 to March 31, 2001, the Pharmacy Program Plus provided catastrophic pharmacy assistance to over nine thousand elders and younger people with disabilities with catastrophic prescription needs.

6. Within the communities of color and among people with disabilities, outreach and marketing activities have been difficult.

Recommendations

1. Transition the Pharmacy Program and Pharmacy Program Plus enrollees into the Prescription Advantage Plan.

2. Streamline the enrollment process.

3. Increase outreach and marketing to the higher income elderly population and within the communities of color and among people with disabilities.

4. Collect more and better data including individual level expenditure and utilization data and comprehensive demographic data.

5. Monitor how the for-profit Pharmacy Benefits Manager (PBM) administers the Prescription Advantage Plan.

Section 1: Introduction

Prescription drug costs are the fastest growing component of national health expenditures. This is of particular concern in the Medicare population because 31% of the Medicare population does not have any form of prescription drug coverage.[1] For those with coverage, the benefits offered are variable across plans and are often limited. In addition, nearly 22,000 Medicare beneficiaries in Massachusetts were affected by Medicare HMO withdrawals as of December of 2000.[2]

Due to the continued escalation in overall health care costs and pharmacy costs in particular, it is increasingly difficult for elders to access pharmaceutical coverage or pay for prescriptions out-of-pocket.[3] The elderly without prescription drug coverage are subject to prescription prices that are, on average, 15% higher than the prices paid by third party payers, such as HMOs, since third party payers can often arrange for price discounts through volume purchasing.[4]

Medicare beneficiaries with prescription drug coverage who expend their benefit can incur significant out-of-pocket prescription expenses. A recent survey found that 23% of elderly Americans nationwide report that paying for prescription drugs poses a "serious problem" for them.[5] It has also been shown that Medicare beneficiaries are more likely to fill prescriptions if they have prescription drug coverage.[6]

Data from the Massachusetts Division of Health Care Finance and Policy's 2000 Health Insurance Status of Massachusetts Residents Survey show that over 28% of non-institutionalized Massachusetts seniors lack prescription drug coverage, and that seniors without pharmacy coverage are twice as likely to face high out-of-pocket costs (more than $75 per month) than those with prescription drug coverage.[7]

Beginning in 1997, the Massachusetts Executive Office of Elder Affairs (EOEA) in coordination with the Division of Medical Assistance (DMA) implemented the Senior Pharmacy Program (called the Pharmacy Program beginning January 2000) with the aim of helping low-income elderly and, as of January of 2000, younger people with disabilities obtain needed pharmacy assistance. In addition, for the year 2000, the Pharmacy Program Plus was funded to provide pharmacy assistance to members of these groups who had catastrophic prescription costs relative to income.

It is estimated that the number of Massachusetts seniors enrolled in Medicare will increase from 843,000 in the year 2000 to 1,252,000 in 2025.[8] This growth in the elderly population is material to the future development of programs aiding the elderly population with prescription drug needs. In addition, while a substantial 38% of the elderly have an annual income of less than $15,000, 50% of the elderly have an annual income between $15,000-$50,000.[9] Because income eligibility criteria for most state-funded programs falls between $10,000-$15,000 annually per individual (see Appendix I), many seniors in need of pharmacy assistance are income ineligible for many of the current state-run programs. Beginning in April of 2001, Massachusetts seniors no longer encounter this issue.

In August of 2000, the nation's first insurance-based prescription drug program for the elderly and younger people with disabilities was signed into law in Massachusetts. Called the Prescription Advantage Plan, the new program represents the combined efforts of former Governor Cellucci, Acting Governor Swift, and members of the Massachusetts State Legislature. This new program, the Prescription Advantage Plan began operations in April of 2001 and replaced both the Pharmacy and the Pharmacy Program Plus Programs.

The Prescription Advantage Plan offers coverage to all elders in Massachusetts regardless of income level, as well as people with disabilities with incomes less than 188% of the federal poverty level (FPL). The cost of the program for each individual is determined by annual income and a sliding fee scale, and those individuals enrolled in either the Pharmacy Program or Pharmacy Program Plus will automatically be sent applications for enrollment into the Prescription Advantage Plan. In addition, people with disabilities with incomes greater than 188% who were enrolled in Pharmacy Program Plus can be grandfathered into the Prescription Advantage Plan for a limited time.

Mandate

Section 17 of Chapter 47 of the Acts of 1997, An Act Assisting in Making Health Care Available to Low Income Uninsured and Underinsured Residents of the Commonwealth, charges the Massachusetts Division of Health Care Finance and Policy with evaluating four Massachusetts programs:

- MassHealth
- The Children's Medical Security Plan
- The Pharmacy Program (formerly the Senior Pharmacy Program)
- The Uncompensated Care Pool

The Division is required to file a report of these evaluations with the Massachusetts House and Senate Committees on Ways and Means, and the Committee on Health Care.

Focus of report

This report focuses on how the experiences of the Pharmacy and Pharmacy Plus Programs can inform the implementation of the new Prescription Advantage Plan. Included in this report are the following sections:

- Pharmacy Programs: An overview of the design and eligibility criteria for the Pharmacy and Pharmacy Plus Programs. This section also describes the newly unveiled Prescription Advantage Program.
- Enrollment, Expenditures, and Utilization: A description of the increases in enrollment numbers and prescription expenditures for the Pharmacy Program. This section also provides some information on the generic drug substitution rate within the Pharmacy and Pharmacy Plus Programs.

- ◊ Interviews with key stakeholders: A summary of information obtained through key informant interviews on the process and implementation of the Pharmacy Program.
- ◊ Program Impact: A description of the impact of the Pharmacy and Pharmacy Plus Programs on the enrolled population.
- ◊ Next Steps and Recommendations: A description of the successes and areas for improvement for the Pharmacy Program and how these factors can inform the new Prescription Advantage Program.

Data Sources

- ◊ The Massachusetts Division of Medical Assistance, the administrator of both the Pharmacy and Pharmacy Plus Programs, provided enrollment and benefit utilization data
- ◊ The Massachusetts Executive Office of Elder Affairs, which implemented and provided outreach for both the Pharmacy and Pharmacy Plus Programs, provided enrollment, demographic, and geographic data
- ◊ Interviews with key informants

Section 2: Program Description

With the implementation of the Prescription Advantage Plan, the Pharmacy Program will be phased out by September 2001 while the Pharmacy Program Plus was phased out in April 2001.

Pharmacy Program

The Massachusetts Pharmacy Program (formerly called the Senior Pharmacy Program) is aimed at providing assistance in meeting the cost of prescription drugs to eligible elders and people with disabilities. A result of the Improved Access to Health Care Act, the program was established by the Massachusetts Division of Medical Assistance in 1997. Funding for the program totals $51.7 million annually, $30 million of which is generated from cigarette tax revenues. The program is administered by the Massachusetts Executive Office of Elder Affairs in cooperation with the Division of Medical Assistance. The Executive Office of Elder Affairs conducted eligibility determinations, enrolled individuals, and provided outreach for the program. The Division of Medical Assistance processed the prescription claims, including the Medicaid rebate, for the program.

Through the Pharmacy Program, which was expanded in FY00,[10] eligible individuals may receive up to $1,250 each year to pay for prescription drugs. Medications in all therapeutic classes, except those excluded from MassHealth, may be paid for through the program. Some prescription drugs may require prior authorization from MassHealth. The program also covers insulin and disposable syringes with needles, and offers wrap around coverage for individuals who have prescription coverage from an HMO or other insurer.

There is an annual enrollment fee of $15, which is automatically deducted from the $1,250 benefit. In addition, participants are responsible for a $3 co-payment for generic drugs, insulin, and disposable insulin syringes with needles, and a $10 co-payment for brand name drugs.

In order to be eligible for the Pharmacy Program a person must:

- ◊ Be a Massachusetts resident
- ◊ Be aged 65 or older OR under age 65 and if working, work less than 40 hours a month and meet the disability guidelines for CommonHealth[11]
- ◊ Have a gross annual income less than 188% of FPL or $15,708 (individual) and under $21,156 (married couple).[12]
- ◊ Not be enrolled in MassHealth or CommonHealth

Pharmacy Program Plus

Individuals who expended the Pharmacy Program benefit, or were income ineligible for the Pharmacy Program but experienced catastrophic prescription expenses, may have been eligible for the Pharmacy Program Plus. The Plus program provided an unlimited prescription benefit to eligible elders and younger people with disabilities who experienced high prescription expenses relative to their incomes. Like the Pharmacy

Program, the Plus program was administered by the Massachusetts Executive Office of Elder Affairs in cooperation with the Division of Medical Assistance. This program was funded from January 1, 2000 to March 31, 2001 and carried the same formulary and co-payments as the Pharmacy Program.

In order to have been eligible for the Pharmacy Program Plus a person must have:

- Been a Massachusetts resident
- Been aged 65 or older OR under age 65 and if working, work less than 40 hours a month and met the disability guidelines for CommonHealth
- Had a gross annual income less than 500% of FPL or $41,220 (individual) and under $55,320 (two-person household)[13]
- Spent at least 10% of gross monthly household income on prescription drugs (including Medicare HMO or the Pharmacy Program benefit payments) in 3 of the 6 months prior to submitting the application
- Had continuing drug costs that exceeded 5% of gross quarterly household income
- Not enrolled in MassHealth or CommonHealth

Prescription Advantage Plan

The Prescription Advantage Plan offers coverage to all elders in Massachusetts, as well as people with disabilities with incomes less than 188% of FPL. The State has allocated $32.2M for this program for the first three months of operation beginning April 1, 2001. The cost of the program for each individual is determined by annual income and a sliding fee scale. Those individuals enrolled in either the Pharmacy Program or Pharmacy Program Plus as of March 31, 2001 are automatically eligible for the Prescription Advantage Plan.

Eligibility criteria for the Prescription Advantage Plan, which began April 1, 2001 are:

- Massachusetts residency
- Age 65 or older, or
- Qualifying disability with an annual income at or below 188% of FPL
- Not enrolled in MassHealth or CommonHealth
- Enrolled in the Pharmacy Program or Pharmacy Program Plus as of March 31, 2001

Unlike the Pharmacy and Pharmacy Plus Programs, this program is administered by a Pharmacy Benefits Manager (PBM) which negotiates rebates for the program independently of the rebates obtained through the Medicaid rebate requirement. This program also carries its own formulary which the legislature requires will not exclude any drug for which there is no therapeutic substitute.

Like other insurance plans, the Prescription Advantage Plan requires payment of a monthly premium, a deductible, and a co-payment. These amounts are based on gross annual household income. The maximum out-of-pocket expenses per enrollee will not exceed $2,000 or 10% of gross annual income, whichever is less. See Appendix V.

Section 3: Enrollment Trends, Expenditures, and Drug Utilization

Enrollment Trends

Enrollment

Enrollment in the Pharmacy Program has far exceeded the projected enrollment numbers estimated at the time of program expansion in January of 2000. The program had 73,654 enrollees by January of 2001, compared to the projection of approximately 55,000. While enrollment figures have far exceeded estimates for the senior population, enrollment of people with disabilities has been below projections. The Division of Medical Assistance estimated that approximately 15,000 individuals with disabilities would be enrolled in the Pharmacy Program by the end of December 2000. As of January of 2001 4,062 individuals with disabilities were enrolled. Of the total enrollees, approximately 95% are seniors and 5% are younger people with disabilities.

Table 1: Pharmacy Program Enrollment from July 1997 - January 2001

	SENIORS	PEOPLE WITH DISABILTIES	*TOTAL*
July 1997	10,793	n/a	*10,793*
Jan. 1998	19,448	n/a	*19,448*
July 1998	22,831	n/a	*22,831*
Jan. 1999	25,872	n/a	*25,872*
July 1999	28,446	n/a	*28,446*
Jan. 2000	33,472	108	*33,580*
July 2000	51,769	2,515	*54,284*
Jan. 2001	69,592	4,062	*73,654*

Table 1 shows the enrollment activity for the Pharmacy Program from its inception in 1997 as the Senior Pharmacy Program, through January of 2001. The continued increase in enrollment is in part due to expanded eligibility criteria and in part due to improved outreach efforts.

Table 2 shows that during its year of operation, the Pharmacy Program Plus provided pharmacy assistance to over nine thousand elderly and younger individuals with disabilities. Some of these individuals were those who expended their entire benefit in the Pharmacy Program, while others were income ineligible for the Pharmacy Program but incurred catastrophic prescription costs relative to their income level.

Table 2: Pharmacy Program Plus Enrollment from January 2000 - January 2001

	SENIOR	PEOPLE WITH DISABILITIES	*TOTAL*
Jan. 2000	-	-	-
Feb. 2000	113	14	*127*
March 2000	503	47	*550*
April 2000	1,393	75	*1,468*
May 2000	2,463	123	*2,586*
June 2000	4,384	207	*4,591*
July 2000	5,384	266	*5,650*
Aug. 2000	6,247	315	*6,562*
Sept. 2000	6,579	358	*6,937*
Jan. 2001	8,442	602	*9,044*

Enrollment by Income

Tables 3 and 4 show the trends in enrollment through January of 2001 by annual income level. Since the inception of the program, the highest percentage of elderly enrollees has been in the $9,000 - $11,000 income group, between 100% and 133% of FPL. Table 3 also highlights how the income eligibility expansion affected enrollment within the elderly population. By January of 2001, 14.1% of elderly enrollees were in the $13,001+ income level, or 155% of FPL and above.

Table 3: Pharmacy Program, Elderly Enrollment by Income FY98 - January 2001

	FY 1998	FY 1999	JAN 2000	JAN. 2001	APPROX. FY2000 FPL
No income reported	3.8%	3.8%	2.8%	1.7%	
$5,000 and under	11.7%	13.9%	12.5%	9.6%	<60%
$5,001-$7,000	15.9%	15.9%	14.9%	13.1%	60%-85%
$7,001-$9,000	25.9%	26.5%	23.5%	19.1%	85%-110%
$9,001-$11,000	33.5%	30.5%	30.5%	25.9%	110%-133%
$11,001-$13,000	9.3%	9.3%	13.3%	16.5%	133%-155%
$13,001-$15,000	n/a	n/a	2.3%	9.7%	155%-180%
$15,001 and over	n/a	n/a	0.2%	4.4%	180%+

The expansion of the program to include the younger people with disabilities beginning in January 2000 is depicted in Table 4 below. For people with disabilities, 26.9% of enrollees were in the $13,001+ income range, further indicating the importance of the expanded annual income eligibility criteria.

Table 4: Pharmacy Program, People with Disabilities Enrollment - January 2001

	JAN 2001	APPROX. FY2000 FPL
No income reported	0.2%	---
$5,000 and under	5.3%	<60%
$5,001-$7,000	11.7%	60%-85%
$7,001-$9,000	13.5%	85%-110%
$9,001-$11,000	17.2%	110%-133%
$11,001-$13,000	25.2%	133%-155%
$13,001-$15,000	19.5%	155%-180%
$15,001 and over	7.4%	180%+

From Table 5, about 40% of all enrollees in the Pharmacy Plus Program were in the $9,000-$15,000 income level. Another 40% were in the $15,001-$30,000 income level, between 180% and 360% of FPL. This program provided prescription assistance to higher income individuals with catastrophic prescription costs.

Table 5: Pharmacy Program Plus, Enrollment by Income - January 2001

PHARMACY PLUS PROGRAM	% SENIORS	% PEOPLE WITH DISABILITIES	APPROX. FPL% FOR FY2000
Under $9,000	14%	7%	<108%
$9,001 - $15,000	43%	38%	108%-180%
$15,001 - $30,000	38%	44%	180%-360%
$30,001 - $41,500	5%	10%	360%-720%

Enrollment by Age

Table 6 shows the percentage of enrollees by age. Expansion of the program to include people with disabilities is evidenced by the 4.9% of enrollees who are under 65. Within the senior population, almost half of the enrollees are between 70 and 79 years old.

Table 6: Pharmacy Program, Enrollment by Age Group, FY98 - January 2001

	FY 1998	FY 1999	JAN 2000	JAN 2001
Total Enrollment	24,934	29,212	34,007	69,592
Under 65	n/a	n/a	0.0%	4.9%
65-69	15.5%	14.3%	12.1%	12.0%
70-74	23.0%	22.4%	22.2%	21.0%
75-79	23.5%	24.1%	24.6%	22.7%
80-84	18.4%	18.8%	20.0%	19.6%
85-89	12.1%	12.8%	13.2%	12.1%
Over 90	7.5%	7.7%	7.9%	7.7%

Table 7 shows that like the Pharmacy Program, over half of the enrollees in the Pharmacy Plus Program were between the ages of 70 and 79.

Table 7: Pharmacy Program Plus, Enrollment by Age Group - January 2001

	SENIORS	PEOPLE WITH DISABILITIES
Total Enrollment	8,442	602
Under 65	n/a	91.2%
65-69	15.0%	5.6%
70-74	23.5%	1.0%
75-79	26.1%	1.2%
80-85	22.7%	0.7%
86-89	8.2%	0.2%
Over 90	4.4%	0.2%

Enrollment by Race

Tables 8 and 9 show enrollment in the Pharmacy and Pharmacy Plus Programs by race. Approximately 10% of enrollees in both programs were non-white.

Table 8: Pharmacy Program, Enrollment by Race, FY98 - January 2001

	FY 1998	FY 1999	FY2000	JAN 2001
White	88.4%	89.0%	90.2%	90.0%
Other	5.9%	5.4%	5.1%	5.8%
Black	2.4%	2.5%	2.0%	2.0%
Asian/Native American	2.4%	2.3%	1.4%	1.4%
Hispanic	0.9%	0.9%	0.9%	0.9%
Total Enrollment	*23,878*	*28,084*	*52,401*	*73,654*

Table 9: Pharmacy Program Plus, Enrollment by Race, January 2001

	ENROLLEES	% OF ENROLLEES
White	7,725	85.4%
Black	87	1.0%
Hispanic	44	0.5%
Asian	38	0.4%
Native American	37	0.4%
Other	1,113	12.3%
Total	*9,044*	*100%*

Denial of Enrollment

Of the 77,213 applications received for the Pharmacy Program, 3,234, or 4.2% were denied enrollment into the program. The primary reasons for denial of enrollment were income eligibility and insufficient documentation as shown in Table 10.

Table 10: Pharmacy Program Reasons for Denial - January 2001

	REASON FOR DENIAL	PERCENT OF ALL DENIALS	PERCENT OF ALL APPLICATIONS
Income too high	1,154	36%	1.5%
Insufficient Documentation	1,084	34%	1.4%
Enrolled in MassHealth	579	18%	0.7%
Insufficient disability verification	378	12%	0.5%
Not 65 or over	29	1%	0.0%
Insufficient residency documentation	10	0%	0.0%
Total	*3,234*	*100%*	*4.2%*

For the Pharmacy Program Plus, the majority of denials were due to individuals not meeting the drug expense criteria.[14] For the elderly and people with disabilities, 21.4% and 39.9% of those who applied were not eligible for the program, respectively. See Table 11.

Table 11: Pharmacy Program Plus, Reasons for Denial - January 2001

	ELDERLY	PEOPLE WITH DISABILITIES
Drug Expenses Not Met	59.4%	68.0%
No drug information	14.0%	14.5%
Insufficient income verification	8.5%	3.6%
Other	18.1%	13.8%
Percent of Total Applicants	*21.4%*	*39.9%*
Total Number of denials	*2,381*	*413*

Expenditures

The total expenditures for the Pharmacy Program increased dramatically since FY1998 as depicted in Table 12. The increase in expenditures is largely due to increased enrollment and in part due to increased benefit amounts. The increase in expenditures can be seen in terms of the total amount paid which increased by 69% and 102% respectively, for FY99 and FY00.

Table 12: Pharmacy Program Total Expenditures FY1998 - FY2000

	SENIORS	PEOPLE WITH DISABILITIES	TOTAL AMOUNT PAID	TOTAL ENROLLMENT
Total FY98	$ 6,770,034	n/a	$ 6,770,034	23,878
Total FY99	$ 11,416,642	n/a	$ 11,416,642	28,084
Total FY00	$ 22,445,651	$ 649,350	$ 23,095,001	52,401

For the Pharmacy Program Plus, over $1.3 million was spent to help elders and people with disabilities with catastrophic prescription costs. See Table 13.

Table 13: Pharmacy Program Plus Total Expenditures, January - December 2000

	TOTAL ENROLLEES	TOTAL AMOUNT PAID
January - December 2000	8,572	$1,306,957

Drug Utilization

The Pharmacy Program covers both generic and name brand drugs. For generic drugs, enrollees were responsible for a $3 co-payment. For covered brand name drugs, there was a $10 co-payment. For both seniors and people with disabilities, over half of the claims submitted were for generic drugs.

The generic drug substitution rate among both seniors and people with disabilities was between 55-60% from June of 1999 through December of 2000. See Table 14.

Table 14: Pharmacy Program Percent Generic versus Brand Name, June 1999 - December 2000

MONTH - YEAR	SENIORS		
	Generic Claims		Brand Name Claims
Jun-99	59%		41%
Jun-00	55%		45%
Dec-00	55%		45%

MONTH - YEAR	PEOPLE WITH DISABILITIES		
	Generic Claims		Brand Name Claims
Jun-99	n/a		n/a
Jun-00	58%		42%
Dec-00	56%		44%

The generic substitution rate within the Pharmacy Program Plus was similar to that of the Pharmacy Program for the elderly enrollee population. However, with a substitution rate of 80%, generic drugs were used much more frequently by younger people with disabilities who were enrolled in the program. See Table 15.

Table 15: Pharmacy Program Plus Percent Generic versus Brand Name, January - December 2000

JAN 2000 - DECEMBER 2000	ALL ENROLLEES		
	Generic Claims		Brand Name Claims
Seniors	56%		44%
People with disabilities	80%		20%

Non-Covered Drugs

The formulary for the Pharmacy and Pharmacy Plus Programs was the same as that established for MassHealth. Of the over 19,000 claims filled from July 2000 through January 2001, only 377 requests, or 2%, were for non-covered drugs.

Section 4: Interviews with Key Stakeholders

In addition to conducting empirical analyses using available data, an independent consultant interviewed key stakeholders to learn more about their perceptions of the impact of health reform on the Pharmacy Program. The individuals interviewed represent a range of interests and include state policymakers, consumer advocates and pharmacists, as shown in Appendix II. In this section of the report, we provide results related to these interviews. Note that the number of interviews conducted is small and thus results cannot be interpreted as being representative of the experiences of all participants, providers, or advocates. However, the aim of these interviews was to gain qualitative information that may highlight or identify issues that are not apparent in the quantitative data.

Overview

Overall, stakeholders interviewed for this report describe the Pharmacy Program as "important." When the program first began, advocates regularly identified people who were "desperate" about their pharmacy costs, but with the advent of The Pharmacy Program, this happens less and less frequently, and thus interviewees said the Pharmacy Plus Program has been a "welcome addition." Current issues identified by interviewees, as will be discussed below, include that the program could have been better publicized and that the enrollment process for the Plus program is "onerous" and time consuming. Much of this can be attributed to the complexity of the eligibility rules.

According to interviewees, the disability community did not push for the inclusion of people with disabilities into the Pharmacy Program, in part because the disability community does not have an organized network of advocates, like the senior community. In addition, prior to the involvement of the disability community, the Pharmacy Program was known to be limited to seniors. Stakeholders said that the senior community invited people with disabilities to join the coalition and that there has never been any animosity between the senior interest and the disability interest with respect to this program. In addition, disability advocates may not have become as invested in the program because there was an understanding that this year represented a temporary stage in the Pharmacy Program, especially for people with disabilities. As a result of these factors, the disability advocates see themselves as a "weaker link" in the coalition, and suggest that other members of the group have done much harder work. The organizations that have been involved in the Pharmacy Program for some time include the Massachusetts Senior Action Council (MSAC), Health Care for All and the Alzheimer's Association; MSAC has been the leader of the coalition.

Eligibility and Enrollment

Interviewees said that the process of becoming eligible and enrolling in the Pharmacy Program has improved over the last two years. However, stakeholders would prefer to have broader eligibility and coverage, even though both have been expanded since the program began.

The individuals with disabilities who enroll in The Pharmacy program are people who meet all the requirements for CommonHealth, except for the work requirement. (To be eligible for Common Health, a person must work at least 40 hours per month or else meet a one-time only deductible.) If people apply for MassHealth and are rejected, they do receive a notice about other programs for which they might be eligible including the Pharmacy Program, although one respondent said these notices "are not helpful." Interviewees said that the purpose of enrolling people with disabilities is to target individuals who do not fit into other programs.

Other than the information about eligibility criteria, stakeholders did not know much about the characteristics of people with disabilities who are enrolled in the program such as the nature of their disabling condition or type of medications prescribed. For policymaking purposes, this information would be helpful since people with disabilities may cluster into general categories of disabling conditions, such as those with back problems, those with mental illness, or other conditions. If this were the case perhaps special strategies could be developed to improve the way that the program serves individuals with similar conditions, or these individuals could be referred to other programs for which they might be eligible.

One advocate identified that people with disabilities on MassHealth who then get married have a need for this program. Because of the combined income of the couple, these individuals loose their SSI. In addition, for individuals who cycle in and out of work, their MassHealth eligibility status fluctuates with their employment status. Because of the loss of MassHealth, these individuals use the Pharmacy Program.

Disability advocates made an initial estimate of how many people might be eligible for the Pharmacy Program. Using people who are eligible for SSDI as a target population, they roughly estimated that about 10,000 people with disabilities might be eligible for the program. This estimate includes individuals who are eligible for SSDI but are not dual eligibles. These are individuals who have a work history, but because of injury or chronic illness are no longer able to work.

According to interviewees, one aspect of eligibility determination that is difficult for program participants is keeping track of pharmacy expenditures. Previously, a person could run a "tab" at their local pharmacy that would serve as a record of pharmacy expenditures. Because individuals cannot do this as easily with large pharmacy chains, individuals have more difficulty keeping track of expenses. Tracking pharmacy expenses is important for eligibility determination for the Pharmacy Program Plus as well as ongoing monitoring of how much of the $1,250 benefit has been expended by an individual.

Outreach

In general, since the last legislative report, interviewees believe that the state has done a better job with marketing, enrollment and outreach for the Pharmacy Program. It has also

helped that income eligibility was increased to 188% of the FPL ($15,492 gross annual income), thus making more people eligible. The state has adopted an effective marketing plan, and, according to interviewees, the Pharmacy Program is known for having a good "customer service piece."

One concern that was raised in the interviews is the question of whether the state stopped promoting enrollment into the Pharmacy Program when it became clear that the program model was going to change dramatically. Some advocates are concerned that many eligible people do not know about the program, including seniors of color and people with disabilities.

According to interviewees MassHealth does coordinate outreach efforts for the Pharmacy Program with MassHealth. Individuals who are interested in the program are sent a booklet that describes the different federal and state programs for which individuals might be eligible. Individuals send back an application that is used to determine eligibility for Medicare/Medicaid, which is then sent to the Executive Office of Elder Affairs (EOEA) for eligibility determination for the Pharmacy Program. It is not a requirement that individuals apply for both programs at once, individuals can apply directly to the Pharmacy Program.

EOEA has been working to develop more and better outreach into the disability community. For example, EOEA wrote a letter to 130 disability organizations informing them of the program. It has been hard to approach the disability community as a whole, since there are so many advocacy groups and types of disabilities. In fact, the issue of use of prescription drugs and what should be covered is a hot issue in the disability community aside from this program due to the high prescription needs within this community and their associated costs. Stakeholders agreed that it is difficult to do outreach to people with disabilities. "None of us have the ability to do a real marketing approach." That is, the disability advocacy organizations that are involved in the program do not have the resources to take on a major share of outreach for this program.

Individuals with disabilities might be hesitant to become involved in the Pharmacy Program, because they worry that involvement with this program may risk loss of benefits from another program. Individuals with disabilities may shy away from a program like this because they do not want people "looking over their doctor's shoulder." In addition, because the program was known as the Senior Pharmacy Program for so long, people with disabilities may not realize that they can now enroll in it. These issues make it challenging to reach out to the disability community, and an advertising campaign will only "go so far."

Operation

There was only one suggestion for improvement in the operation of the program from interviewees. Two stakeholders mentioned that the transition from the Pharmacy Program to the Pharmacy Plus Program is not seemless. Individuals sometimes become confused about the process and there are lapses in coverage. Advocates have

successfully intervened on a case-by-case basis. EOEA has been responsive at the highest levels to this intervention, but some wonder what happens to individuals who do not come to their attention.

The program has not changed with respect to the pharmacy companies that participate. All programs that participate in the program also participate in the rebate program. The drugs available are those under the MassHealth formulary.

The Prescription Advantage Plan

According to interviewees, the legislature designed the Pharmacy Plus Program to be a temporary program that would be in place while a new model was being designed. The new model, called the Prescription Advantage Plan began implementation in April 2001. This program is available to all seniors and each individual's income will determine the costs of the program to that individual. The legislature mandated that household rather than individual income will be used to determine costs. This decision may have been reached in order to control overall costs of the program.

The new Prescription Advantage Program provides pharmacy coverage for all Massachusetts seniors regardless of income. However, based on income, various levels of premium payment is required. In contrast, the eligibility criteria for people with disabilities will continue to be based on income, with the means test at 188% of the FPL. This decision limits the number of people with disabilities enrolled in the program with the aim of achieving a fiscally sound program. According to some interviewees, however, this decision may have been a concession on the part of disability advocates.

Under the new program, the formulary will be set up to "maximize quality and minimize costs" through rebates negotiated by the Pharmacy Benefit Manager. However, stakeholders expect that it will not be difficult for the pharmacists to move to the new program because they are accustomed to working with Pharmacy Benefit Management companies.

Although not all interviewees were aware of the changes being implemented through the Advantage Program, those who were, agreed that it has the potential to be a national model for Pharmacy Programs. It will be important to monitor the program during the coming months to follow its progress.

Section 5: Summary Program Impact

Was the Pharmacy Program Successful?

The need for assistance in paying for prescription drugs within the elderly population is well documented and has come to the political forefront on the state and national levels.

In looking at the growth in enrollment and expenditures since the inception of the Senior Pharmacy Program, it is clear that as the program progressed and eligibility criteria were expanded a greater number of individuals utilized the benefits provided by this program (see Table 12). In addition, while the data are not annualized, Table 16 below shows that many individuals expended their $1,250 pharmacy benefit.

Note that the point-in-time value is not representative of the percent of individuals who expend their entire benefit in a full year, but rather the percentage of enrollees at a given point-in-time who have expended their benefit. As a result, these values are likely to underestimate the true proportion of individuals who will expend their entire benefit.

Table 16: Pharmacy Program Member Benefit Utilization, Point-in-time Percentage

SENIORS	% OF MEMBER RECEIVING BENEFIT LEVEL					
	< $250	$250.01 - $500	$500.01 - $725	$725.01 - $925	$925.01 - $1,225	> $1,225.01
FY 2000	36.0%	21.5%	13.5%	10.2%	8.0%	10.7%
First half FY 2001	36.9%	25.5%	15.1%	10.1%	6.1%	6.3%

PEOPLE WITH DISABILITIES	% OF MEMBER RECEIVING BENEFIT LEVEL					
	< $250	$250.01 - $500	$500.01 - $725	$725.01 - $925	$925.01 - $1,225	> $1,225.01
FY 2000[15]	51.9%	24.3%	9.4%	7.1%	4.1%	3.2%
First half FY 2001	35.7%	23.6%	12.4%	9.2%	7.6%	11.5%

For the Pharmacy Program Plus, there were also a significant percentage of enrollees who expended greater than $1,225 of prescription benefits. See Table 17. Note that the Pharmacy Program Plus had no benefit limit. These data show that for those with catastrophic prescription costs relative to income, the establishment of this program has provided a great service.

Table 17: Plus Program Member Benefit Utilization, Point-in-time Percentage

SENIORS	% OF MEMBER RECEIVING BENEFIT LEVEL					
	< $250	$250.01 - $500	$500.01 - $725	$725.01 - $925	$925.01 - $1,225	> $1,225.01
Jan 2000 - June 2000	47.1%	29.8%	13.3%	5.1%	2.6%	2.1%
July 2000 - December 2000	32.3%	21.2%	15.2%	11.2%	7.3%	12.8%

PEOPLE WITH DISABILITIES	% OF MEMBER RECEIVING BENEFIT LEVEL					
	< $250	$250.01 - $500	$500.01 - $725	$725.01 - $925	$925.01 - $1,225	> $1,225.01
Jan 2000 - June 2000	30.7%	29.3%	12.0%	10.7%	9.3%	8.0%
July 2000 - December 2000	23.0%	18.5%	11.6%	10.1%	12.8%	23.9%

Section 6: Next Steps and Recommendations

The Pharmacy Program will end on September 30, 2001, and the Pharmacy Program Plus ended on March 31, 2001. As a result, those currently enrolled in the Pharmacy Program will need to be transitioned over to the new Prescription Advantage Program, which began on April 1, 2001, during the first six months of operation.

Recommendations for next steps focus on how the experiences of the Pharmacy and Pharmacy Plus Programs can inform the implementation of the new Prescription Advantage Plan. Focus areas for the implementation of the Prescription Advantage Plan should include:

- ◊ Transition the Pharmacy Program and Pharmacy Program Plus enrollees into the Prescription Advantage Plan.
- ◊ Streamline the enrollment process.
- ◊ Increase outreach and marketing to the higher income elderly population and within the communities of color and among people with disabilities.
- ◊ Collect more and better data including individual level expenditure and utilization data and comprehensive demographic data.
- ◊ Monitor how the for-profit Pharmacy Benefits Manager (PBM) administers the Prescription Advantage Plan.

Enrollment and Transition

While the majority of those who applied were enrolled in the Pharmacy Program, the enrollment process was lengthy. This was mainly due to the required documentation of income level and, in the case of the Plus Program, prescription expenditures by the applicant. Moving forward, the new Prescription Advantage Plan will avoid some of this because there are no expenditure eligibility criteria. However, applicants will still have to document income level and this process should be as efficient as possible.

In addition, the transition of those enrolled in the Pharmacy and Pharmacy Plus Program into the Prescription Advantage Plan should be a primary goal. While there is a six month overlap period from the time the Prescription program began (April 1, 2001) to the time when the Pharmacy Program ends (September 30, 2001), all efforts should be made to ensure that no participant loses their prescription assistance.

Outreach and Marketing

Outreach and marketing strategies must be a focus during the implementation of the new plan. These efforts should include populations in need of assistance regardless of income level. In particular, outreach efforts to the minority community and community of eligible people with disabilities should be a focus for the new program.

During the planning and development stages of the Prescription Advantage Plan and now during it's initial implementation stage, much attention has been paid to the need for buy-in into the program on the part of the higher income elderly population. Because this buy-in is necessary for the Prescription Advantage Plan to be fiscally sound, outreach and marketing to the elderly who fall into the higher income levels is also important. The use of mass media as well as provider education are important components of effective outreach and marketing for the Prescription Advantage Plan.

Based on 1999 Massachusetts population statistics[16], the municipalities with the highest elderly populations are depicted in Map A in Appendix IV. The distribution of the senior population throughout Massachusetts can inform outreach and marketing efforts for the new Prescription Advantage Plan. The highest numbers of elderly are located in Boston and its suburbs, the Fall River Area, the Haverhill and Andover areas, and the Worcester, Springfield, and Pittsfield areas.

Map B in Appendix IV shows Pharmacy Program enrollees by municipality. This map provides information regarding the distribution of current Pharmacy Program enrollees and identifies areas of focus during the transition process of participants into the new Prescription Advantage Plan. The distribution of enrollees in Massachusetts is similar to the distribution of elderly population in Massachusetts.

However, there are communities such as North Adams that have very small elderly populations, many of whom are enrolled in the Pharmacy Program. Map C in Appendix IV shows Pharmacy Program penetration rates within the elderly population throughout Massachusetts. This map shows that many of the municipalities with high elderly populations also have high Pharmacy Program enrollment. In addition, this map highlights certain municipalities with very few elderly, many of whom are, however, enrolled in the Pharmacy Program. As a result, outreach for the Prescription Advantage Plan should include these communities that have a high need for the program despite having a small elderly population.

Data Collection

In order to continue to provide the elderly and qualified people with disabilities in Massachusetts with prescription drug assistance, comprehensive and accurate data must be regularly collected in order to project future cost trends. Per person data on drug expenditure will provide the basis for future cost projections and improve the ability of the Prescription Advantage Plan to remain fiscally sound.

Drug utilization data can inform the eligibility of participants for other helpful programs such as disease management, disease education, and exercise. Moving forward, outreach for other helpful programs such as these can be linked to the Prescription Advantage Program.

In addition, data on demographic characteristics, including income level, age, race, and sex can provide important information about the needs of various populations and the success of outreach efforts to these populations.

Prescription Advantage Plan

The Prescription Advantage Plan is administered by a for-profit Pharmacy Benefits Manager (PBM) for the Executive Office of Elder Affairs. This is in contrast to the Pharmacy Program, which is administered by the Division of Medical Assistance. This transition of administration from a not-for-profit agency to a for-profit company should be monitored to ensure efficient administration and appropriate management of the funds for this program.

Outstanding Issues

As discussed in the section on enrollment, within the elderly population, enrollment has exceeded original estimates. However, for people with disabilities, the converse is true. Enrollment figures for people with disabilities were lower than originally estimated. Interviews with key stakeholders indicate that within communities of color and for people with disabilities, outreach activities were not as robust or successful as among other groups of elders.

Appendix I: Other State Pharmacy Assistance Programs

At least 43 states are looking to establish or expand pharmaceutical assistance programs for 2001. Currently, 26 states have pharmaceutical assistance programs for low-income seniors and/or disabled individuals. Of these 26 states, 20 provide a direct subsidy through state funds.

Some states are looking into other, innovative ways to assist seniors and/or disabled individuals with pharmacy costs. States such as Maine and Vermont have taken the lead in enacting legislation aimed at controlling drug prices. Using the drug prices obtained in Canada as a model, these states have pursued legislative mandates to lower prescription drug prices for their residents. Other states have proposed bulk purchasing of prescriptions at lower prices and state tax credits for drug purchases.

The matrix below depicts 23 programs being implemented in other states including Massachusetts.

STATE	PROGRAM	ELIGIBILITY	COMMENTS
California	Discount Prescription Medication Program	Medicare recipients, 65 or disabled, no income limit	In effect as of 2/1/00
Connecticut	Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled Program (ConnPACE)	Minimum age: 65 Single: $14,700 Married: $17,700 Disabled: under 18 on SSDP	Plan coverage expansion scheduled for 2001
Delaware	Delaware Prescription Drug Assistance Program (DPAP)	Minimum age: 65 Single: $16,488 Married: $22,128 Disabled: eligible for SSDI	
	Nemours Health Clinic Pharmaceutical Assistance Program (private plan)	Minimum age: 65 Single: $12,500 Married: $17,125	
Florida	Pharmaceutical Expense Assistance Program	Minimum age: 65 and Dually-Eligible Medicare-Medicaid Individual: $10,200 (90%-120% of FPL)	Also Medicare discount program
Illinois	Pharmaceutical Assistance Program	Minimum age: 65 Single: $21,218 Married: $28,480 Disabled: over 16.	
Indiana	Indiana Prescription Drug Fund	Not yet determined. $20 million appropriated	Law effective date 9/1/2000
Kansas	Senior Pharmacy Assistance Program	Minimum age: 67 Single: 150% of pov. $12,525 (2001) Married: $16,875 Copayment: 30%	Law effective date 7/1/2001

STATE	PROGRAM	ELIGIBILITY	COMMENTS
Maine	Low Cost Drugs for the Elderly Program	Minimum age: 62 Single: $15,244 Married: $ 20,461 Disabled: age 55 or over	
	Maine Rx Program	Minimum age: none All Maine residents with an Rx enrollment card	Law effective date 1/1/2001 Discount prices, based on Medicaid & manufacturer rebates
Maryland	Maryland Pharmacy Assistance Program	Minimum age: no limit Single: $10,300 Disabled: all ages $3750 max. assets	
	Short-Term Prescription Drug Subsidy Plan	Minimum age: 65 & eligible for Medicare+ Choice; $460 annual premium; $1000 annual benefit limit	Limited to residents of 17 underserved counties
Massachusetts	Senior Pharmacy Assistance Program	Minimum age: 65 Single: $15,492 Married: $20,769 Disabled: Recipients of SSI/SSDI or Medicare	
	Pharmacy Program Plus	Minimum age: 65 Single: $41,220 Married: $55,320 Over 10% of income spent on prescription drugs for 3 months. Disabled: Recipients of SSI/SSDI or Medicare	In effect Jan. 2000 to Dec. 31, 2000 only
	Subsidized Catastrophic Prescription Drug Insurance Program	Minimum age: 65 No upper income limit; No premium or deductibles under 188% of FPL ($15,698). Disabled: $15,698	Replaces Senior Pharmacy programs #1 & 2 above in 2001 Law effective date 4/1/2001
Michigan	Michigan Emergency Pharmaceutical Program for Seniors (MEPPS)	Minimum age: 65 Single: $12,360/yr. (1999) Married: $15,921 /yr.	
	State Medical Program ----- Elder Prescription Insurance Coverage (EPIC) Program	Minimum age: none Single: $246/mo Family: $401/mo MI	EPIC implementation 1/1/2001
	PharMIgap	1) every Michigan citizen over age 60 to get a 50% discount for out-of-pocket cost for drugs 2) allocation for 25% of unclaimed bottle deposit funds to a new senior pharmacy program	Changes & additions under consideration

STATE	PROGRAM	ELIGIBILITY	COMMENTS
Minnesota	Senior Citizen Drug Program	Minimum age: 65 Single: up to $15,000 = $200 credit. Credit reduced by $2 for each $100 income	
Montana	State income tax credit for legend drugs	Minimum age: 65 Single: up to $15,000 = $200 credit. Credit reduced by $2 for each $100 income.	
Nevada	Senior citizen subsidy for prescription drugs private insurance policies	Minimum age: 62 Family: $21,500 sliding scale co-pays over $12,700	
New Jersey	Pharmaceutical Assistance for the Aged and Disabled (PAAD)	Minimum age: 65 Single: $18,587 Married: $22,791 Disabled: age 21	
New York	Elderly Pharmaceutical Insurance Coverage (EPIC) EPIC+ Information	Minimum age: 65 Single: $18,500 Married: $24,400	Will expand 1/2001 to: Single: $35,000 Married: $50,000
New Hampshire	Senior Discount Prescription Drug Program	New Hampshire resident 65 or older, regardless of income or homeownership status	2 year pilot program
North Carolina	Prescription Drug Assistance Program	Minimum Age: 65 Single: $12,360 150% of poverty level	For persons diagnosed with heart disease or diabetes
Pennsylvania	Pharmaceutical Assistance for the Elderly (PACE)	Minimum age: 65 Single: $14,000 Married: $17,200	
	PACE Needs Enhancement Tier (PACENET)	Minimum age: 65 Single: $16,000 Married: to $19,200	
Rhode Island	Rhode Island Pharmaceutical Assistance for the Elderly (RIPAE)	Minimum age: 65 Single: $15,558 Married: $19,449 Excludes income spent on medication if greater than 3% of total income. Single: $34,999 ('01) Couple: $39,000 ('01)	
South Carolina	Seniors' Prescription Drug Program Minimum	age: 65 Single: $16,700	Law effective date 1/1/2001
Vermont	Vermont Health Access Program (VHAP)	Minimum age: 65 Single: $12,360 ('99) Married: $16,590 Disabled: Recipients of disability benefits through SS or Medicare	

STATE	PROGRAM	ELIGIBILITY	COMMENTS
Vermont (con't)	VSCRIPT	Minimum age: 65 Single: $18,540 Married: $24,885 225% of fed. Poverty Disabled: Recipients of disability benefits through Social Security	
Wyoming	Minimum Medical Program	Minimum age: no limit Income: $8350; 100% of federal poverty level	
Louisiana			Approved the creation of a committee on 4/3/2000 to study the need of prescription drug coverage for low-income senior citizens. A report is due February 28, 2001
Wisconsin			Tried to create a senior pharmacy assistance program for persons under 185% of poverty, annual fee of $25; annual deductible of $840, and a copayment of $10 for generic drugs. The bill passed the Assembly, but failed to pass the Senate as of the end of session, 4/6/2000

Appendix II: List of Interviewees

A. Individuals interviewed specifically regarding the Pharmacy Program

Ana Bodipo-Memba,
John Laine,
Michelle Lee,
Health Care for All

Ann Hartstein
Massachusetts Executive Office of Elder Affairs

Bill Henning
Cape Organization for the Rights of the Disabled (CORD)

Chip Joffee Halpern
Ecu Health Care

Geoff Wilkinson
Massachusetts Senior Action Council

Kate Willrich
Division of Medical Assistance

Linda Landry
Disability Law Center

Sylvia Couvertier
Pharmacist

B. Individuals interviewed regarding comprehensive health reform issues, including the Pharmacy Program

Ann Scannell
Division of Medical Assistance

Barbara Farrell
Bay State Medical Center

Bob Cooper,
Cambridge Hospital

Charlene DeLoach
Massachusetts Senate

Christine Ballas
Division of Health Care Finance and Policy

Frances Anthes
Family Health Center

Jim Hooley
Neighborhood Health Plan

John May
Massachusetts HMO Association

Judy Allonby
Division of Health Care Finance and Policy

Katharine London
Division of Health Care Finance and Policy

Marcia Hams
Health Care for All

Mark Reynolds (formerly),
Pat Canney (formerly)
Division of Medical Assistance

Mary Byrnes
Division of Health Care Finance and Policy

Joe Kirkpatrick,
Tom Barker,
Sarah Kerr (formerly),
Massachusetts Hospital Association

Pat Edraos
Mass League of Community Health Centers

Paul Matthews (formerly)
Office of Representative Harriet Chandler

Robin Frost
Massachusetts Coalition for the Homeless

Ron Autry
Massachusetts Department of Public Health

Scott Penn
Outer Cape Health Center

Tammy O'Donnell
Neighborhood Health Plan

Todd Maio
Department of Transitional Assistance

Tom Traylor
Boston Medical Center

Appendix III: Legislative and Administrative History

Chapter 118E, section 16B of Massachusetts General Laws of 1996

Enacted during fiscal year 1997, this statute established a 5-year pharmacy assistance pilot program. This statute provided up to $500[17] per year for certain drugs to be provided to a maximum of 60,000 qualified seniors within the Commonwealth. Eligible persons:

- ◊ Massachusetts residents
- ◊ Aged 65 or older
- ◊ No other pharmacy benefits or coverage from any other third party payer
- ◊ Annual income not exceeding 133% of the federal poverty level

Coverage was limited to classes of maintenance drugs necessary to prevent of control chronic illness and an enrollment fee of $15 was automatically deducted from the $500 allotment.

Chapter 1 of the Acts of 1997

An act providing for the implementation of the Senior Pharmacy Assistance Program. Eligible seniors can receive up to $750 per year to pay for prescription drugs. Eligible persons:

- ◊ Massachusetts residents
- ◊ Aged 65 or older
- ◊ No other pharmacy benefits or coverage from any other third party payer
- ◊ Annual individual income not exceeding 150% of the federal poverty level

Coverage includes medications in all therapeutic classes, except those excluded from MassHealth. Enrollees are responsible for an annual enrollment fee of $15, which is automatically deducted from the $750 benefit. In addition, they are also responsible for a $3 copayment for generic drugs, insulin, and disposable syringes with needles, and a $10 copayment on brand-name drugs.

Chapter 118E, section 16B of Massachusetts General Laws of 1996, *as amended by sections 122 and 127, inclusive of chapter 127 of the acts of 1999*

An amendment providing for the expansion of the Senior Pharmacy Program. Eligible individuals can receive up to $1,250 per year to pay for prescription benefits. Eligible persons:

- ◊ Massachusetts residents
- ◊ Aged 65 or older OR under age 65, and if working, work less than 40 hours a month and meet the disability guidelines for CommonHealth
- ◊ Have expended other pharmacy benefits or coverage from any other third party payer
- ◊ Annual individual income not exceeding 188% of the federal poverty level

Medications in all therapeutic classes, except those excluded from MassHealth, may be paid for through the program. Some prescription drugs may require prior authorization from MassHealth. Participants are responsible for an annual enrollment fee of $15, which is automatically deducted from the $1,250 benefit. In addition, participants are responsible for a $3 co-payment for generic drugs, insulin and disposable insulin syringes with needles, and a $10 co-payment for brand name drugs.

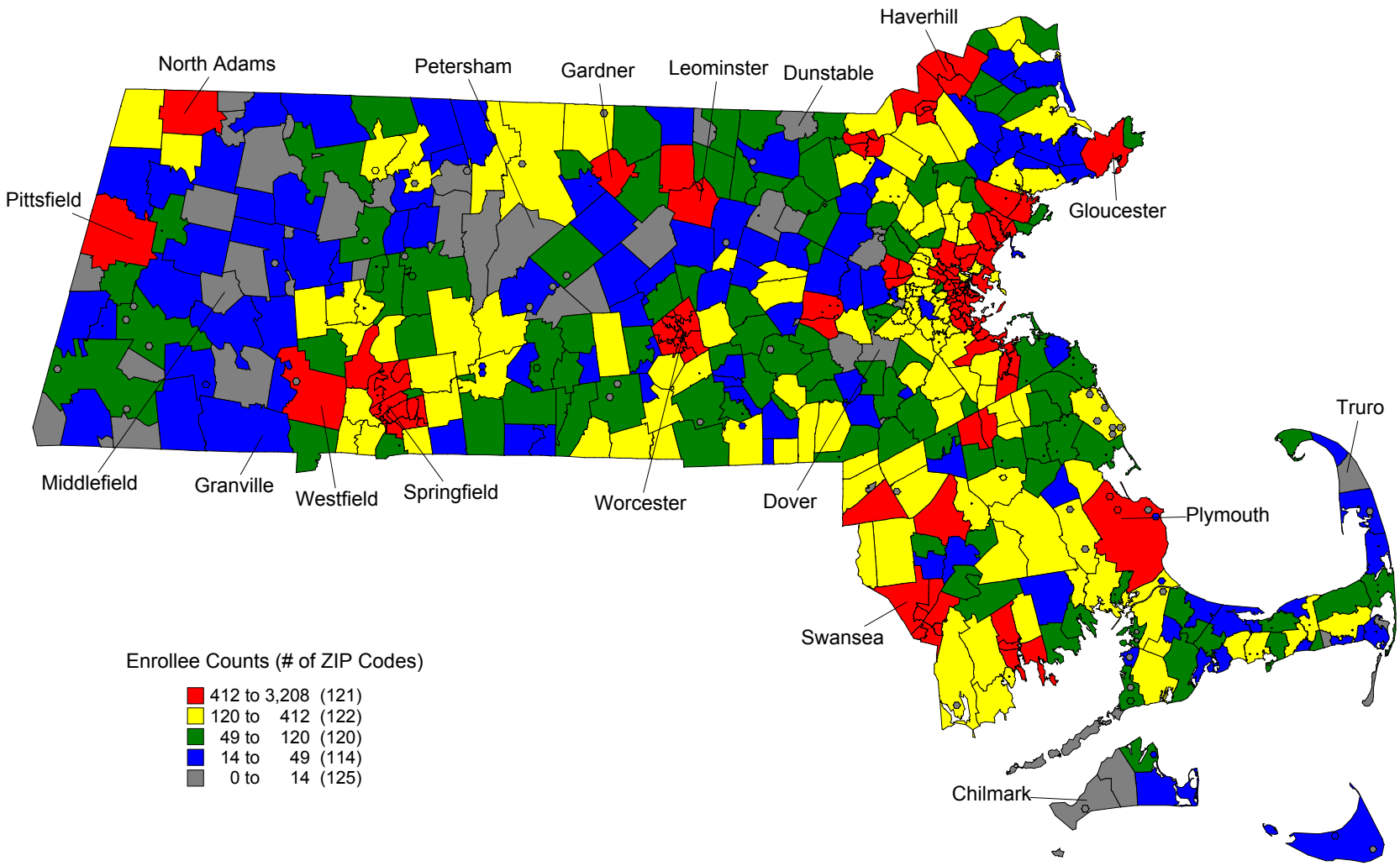
Section 313 of chapter 127 of the acts of 1999

Pharmacy Program Plus which provides an unlimited prescription benefit to elders and younger people with disabilities who have experienced high prescription expenses relative to their incomes. This program was funded from January 1, 2000 to December 31, 2000 and carries the same formulary and co-payments as the Pharmacy Program

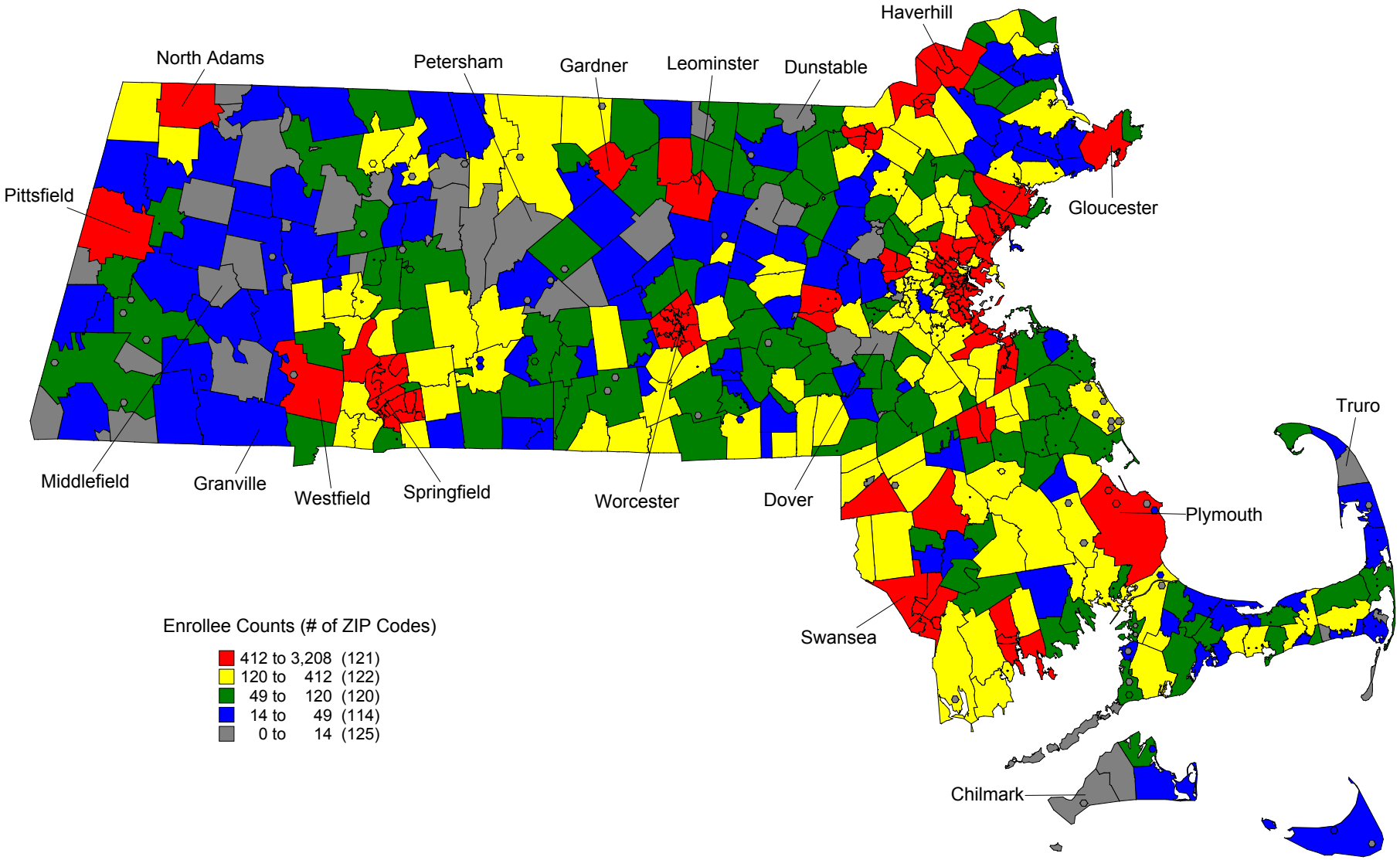
- Massachusetts resident
- Aged 65 or older OR under age 65, and if working, work less than 40 hours a month and meet the disability guidelines for CommonHealth
- Gross annual income less than 500% of FPL, or $41,220 (individual) and under $55,320 (two-person household)
- Spend at least 10% of gross monthly household income on prescription drugs (including Medicare HMO or the Pharmacy Program benefit payments) in 3 of the 6 months prior to submitting the application
- Continuing drug costs that will exceed 5% of gross quarterly household income

Appendix IV: Maps

FY 1999, State of Massachusetts, Population figures, Ages 65+



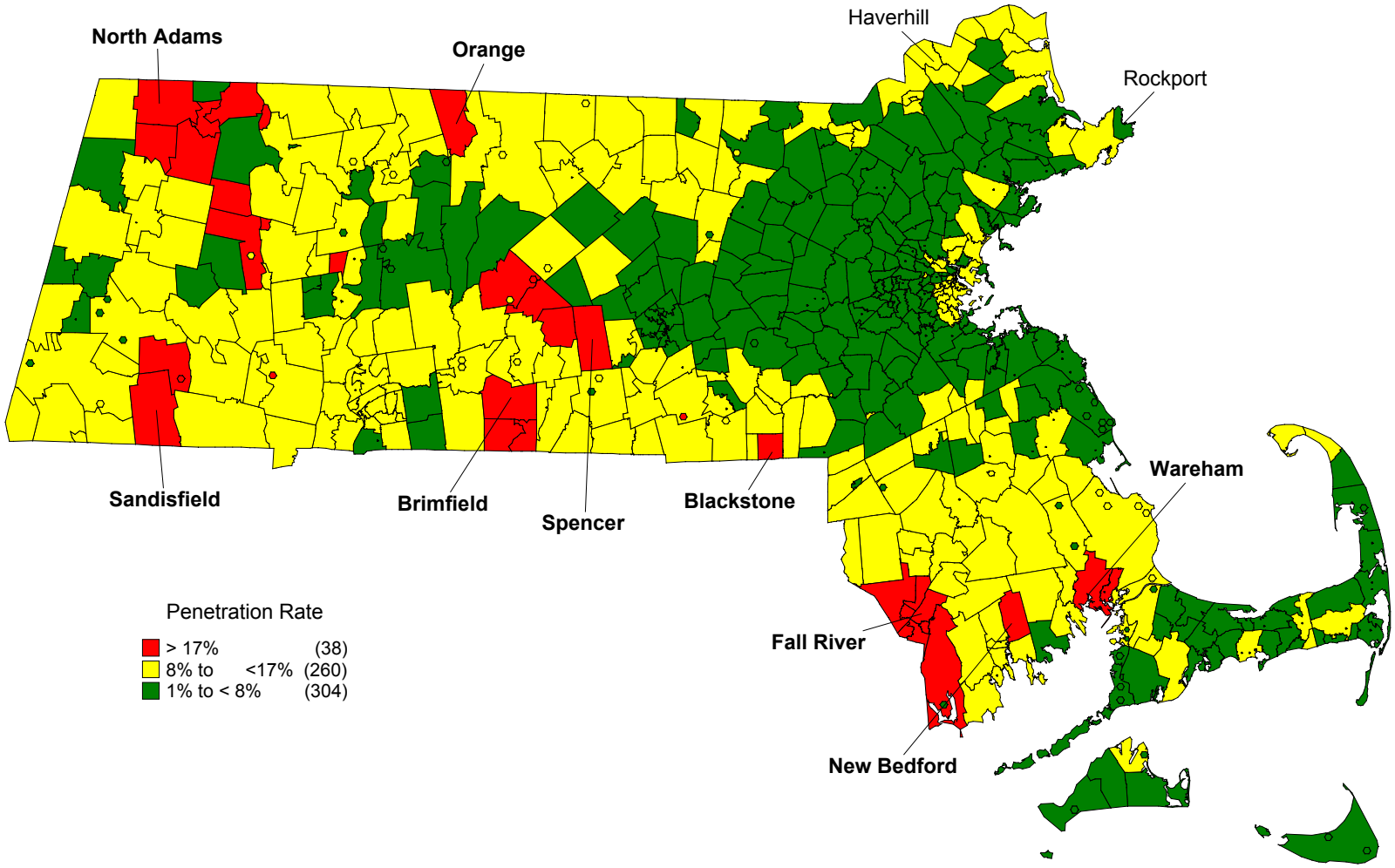
FY 2000 Massachusetts Pharmacy Program, Enrollees by Municipality



Massachusetts Division of Health Care Finance and Policy, May 2001

Data Source: MA. Executive Office of Elder Affairs

FY 2000 Massachusetts Pharmacy Program, Penetration Rates



MA Division of Health Care Finance and Policy, May 2001

Data Source: MA Executive Office of Elder Affairs; Claritis Inc

ANNUAL HOUSEHOLD INCOME[1]	MONTHLY PREMIUM PER PARTICIPANT		CO-PAYMENTS RETAIL		
	Single	Married	Generic	Select Brands	Additional Brands[2]
$0-$16,152 Single $0-$21,828 Two-Person (up to 188% FPL)	$0	$0	$5	$12	$25 50%
$16,153-$17,184 Single $21,829-$23,220 Two-Person (200% FPL)	$15	$12	$5	$12	$25 50%
$17,185-$19,332 Single $23,221-$26,124 Two-Person (225% FPL)	$25	$20	$10	$25	$25 50%
$19,333-$21,480 Single $26,125-$29,028 Two-Person (250% FPL)	$45	$36	$10	$25	$25 50%
$21,481-$25,776 Single $29,029-$34,836 Two-Person (300% FPL)	$55	$44	$10	$25	$25 50%
$25,777-$34,368 Single $34,837-$46,440 Two-Person (400% FPL)	$65	$52	$10	$25	$25 50%
$34,369-$42,960 Single $46,441-$58,056 Two-Person (500% FPL)	$75	$60	$10	$25	$25 50%
$42,961+ Single $58,057+ Two-Person (500%+ FPL)	$82	$66	$10	$25	$25 50%

Annual Out-of-Pocket Limit Per Enrollee: $2,000 or 10% of Gross annual household income, whichever is less.

For more information or to enroll:

- ◊ Call 1-800-AGE-INFO (1-800-243-4636) or TTY/TTD 1-877-610-0241;
- ◊ Write to Prescription Advantage, P. O. Box 15153, Worcester, MA 01615-0153;
- ◊ Or visit the following website: http://www.800ageinfo.com/

[1] Based on 2001 Federal Poverty Level (FPL) levels
[2] $25 or 50% of the cost of the prescription, whichever is greater.

Endnotes

[1] Kaiser Family Foundation, *Prescription Drug Trends - A Chartbook*, July 2000.
[2] Kaiser Family Foundation, *Medicare and Prescription Drugs*, March 2000
[3] Ibid.
[4] McGinley, L. *Uninsured Elderly Found to Pay Higher Drug Prices than HMOs.* The Wall Street Journal, April 10, 2000
[5] Kaiser Family Foundation, *Prescription Drug Trends - A Chartbook*, July 2000.
[6] Ibid.
[7] *Access Update: Massachusetts Elderly and Prescription Drug Coverage* March 2001 Massachusetts Division of Health Care Finance and Policy
[8] Data from the Census Bureau at http://www.census.gov/
[9] Ibid.
[10] See Appendix III, Legislative History
[11] People meet the disability guidelines if they have: An SSI/SSDI award letter; a Medicare card; a certificate of blindness from the Mass. Commission for the Blind; a letter from the Division of Medical Assistance stating eligibility when a one-time deductible is met; or by filling out a MassHealth Medical Benefit Request.
[12] Married applicants may apply as individuals.
[13] Household income is the standard for the Pharmacy Plus Program unlike the Pharmacy Program.
[14] See eligibility criteria in the Program Description section of this report on pages 6-8.
[15] The disabled population became eligible for the Pharmacy Program in January of 2000, as a result these data represent 6 months of utilization.
[16] Claritas Inc. 1999 Data on the Massachusetts Population
[17] Increased to $750 per year on December 8, 1997